



December 22, 1999

The Honorable Tom Bliley
Chairman, Committee on Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Ohio Steel Council, whose member companies account for about 15% of the steelmaking production in the United States, would like to add its comments regarding needed improvements to H.R. 2944, as approved by the Energy and Power subcommittee of the Committee on Commerce.

Ohio Steel Council members consume about \$300 million per year of purchased electricity and have long been advocates for a truly competitive electricity market. Earlier this year, the Ohio legislature approved a bill enabling competitive sourcing of electricity beginning in 2001. However, without readily accessible, thriving regional markets, Ohio competitive sourcing may be a hollow victory. In a related observation, the final RTO Rules issued by FERC on December 15 again highlight FERC commissioners' ambiguity regarding their ability to mandate real market development measures. Further clarification and direction are necessary and could be provided in H.R. 2944.

Council members work closely with the American Iron & Steel Institute (AISI) and Electricity Consumers Resource Council (ELCON) on issues of importance to major industrial electricity consumers. We wholeheartedly support ELCON's response to your request for a "thorough and rigorous analysis" of H.R. 2944 and will not replicate their comments here, except to summarize the key points as follows:

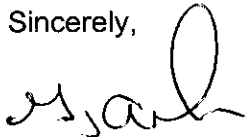
- We are disappointed that the legislation deals only with wholesale markets and urge you to expand the bill or introduce new legislation that addresses retail markets in order to bring about a truly competitive power marketplace.
- We believe the deference to state authorities is so broad as to create more obstacles to competition than to enhance it.
- Stripping FERC of its jurisdiction over transmission makes it impossible to bring consistency to the movement of power across the national grid.
- We believe the failure to set specific requirements for Regional Transmission Organizations (RTOs) or to give FERC clear authority to do so compromises the non-discriminatory, open access features necessary for a truly competitive system.

- We support the objective of a statutorily sanctioned organization to assure reliability of electricity on a national basis, but we question the establishment of overlapping regulatory bureaucracies and oppose provisions giving state commissions authority over interstate transmission.
- While we take no exception to the repeal of PUHCA or the mandatory purchase provisions of PURPA in a truly competitive retail market, we believe it is essential to tie these provisions to dates when utilities offer retail competition in their service territories.
- A truly competitive electricity marketplace should offer all consumers opportunities for savings. For that reason, we believe the limitations on aggregation are too restrictive.

While H.R. 2944, as approved by the subcommittee has some positive features, Ohio Steel Council members believe the bill has too many significant flaws that may set back competition more than advance it. Hence, we cannot support the bill in its current form.

We urge you as Chairman to support significant changes in the legislation to assure that it will, in fact, accomplish its self-stated objectives. As you begin your review, representatives of our member companies stand ready to work with you, staff, and the committee to help make this happen.

Sincerely,



George A. Manos
Co-Chairman
Ohio Steel Council

cc: Ohio Congressional Delegation
Alan R. Schriber, Chairman, Ohio Public Utilities Commission

(The Ohio Steel Council is composed, in part, of the following steel companies: AK Steel, CSC Ltd., LTV Steel, North Star Steel, Republic Technologies International, The Timken Company, WCI Steel, and Wheeling-Pittsburgh Steel.)